



**Viktória Szirmai**

# **“Artificial Towns”**

## **in the 21<sup>st</sup> Century**

**Social Polarisation**

**in the New Town Regions of East-Central Europe**

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SOCIAL POLARISATION IN THE NEW TOWN REGIONS  
OF EAST-CENTRAL EUROPE

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# Social-Spatial Mechanisms and Urban Changes in Hungary

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Viktória Szirmai

## Under-urbanisation issues

Due to the slow and prolonged Industrial Revolution, urbanisation in Hungary (as well as in Eastern and Central Europe) was delayed in the context of a basically agrarian society and spatial structure. The first phase of urbanisation took place in the middle of the 19<sup>th</sup> century, but urban sprawl at that time was limited to Budapest, the country's capital city. The development of modern industry affected only a few mining towns, while market towns and medieval cities either remained immobile or were declining. This regional endowment had an impact on their later regional development as well.

The second phase of global urbanisation, the relative de-concentration was detected in the case of Budapest already in the 19<sup>th</sup> century; at the beginning of the 20<sup>th</sup> century the country's capital was surrounded by developed metropolitan agglomeration. The growth of suburbs at that time was faster than that of Budapest. The capital city's growing suburbanisation at the end of the 19<sup>th</sup> century was an indication of a looser spatial location of the previously more concentrated development of urban population. In the 1960s the agglomeration process intensified around the capital and the major cities. The development of small and medium-sized cities also marked the next phase's entering into force.

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According to the communist political regime state ownership and the full state control of spatial processes eliminate spatial-social problems. However, in the 1960s and the 1970s with the villagers' mass migration to cities various deviant phenomena appeared in Hungary as well. Due to the elimination of poor housing, full employment and social policies they emerged in less radical forms than in developed Western countries. Crime was extremely high especially in the new industrial cities: in the 1960s in Dunaújváros and Kazincbarcika and in the 1970s in Tiszaújváros (called Lenin town at that time). Since 1970 in Budapest, in the five major cities, and out of the new towns in Dunaújváros divorce rate remained higher than the national average.

Based on Szelényi's concept there are several significant and important features of urbanisation in Eastern Europe. Among them, the following characteristic is particularly important: "less population growth and less spatial concentration of the population than in market capitalist societies at the same stage of economic development. The socialist societies of Eastern Europe became "under-urbanised" during the extensive socialist industrialisation." (Szelényi, 1996, p. 287.) "Under-urbanisation means that the growth of the urban population falls behind the growth of urban industrial and tertiary sector jobs." (see *ibid.* p. 295.) This proved to be true in Hungary as well, because settlement and economic development policies favoured industrial developments and did not increase urban infrastructure sufficiently during the 1960s. Under these circumstances but also because of historically existing backwardness the majority of workers in cities and nearly half of the country's total workers could not get housing in the cities and became commuters.

In Hungary in the 1970s the number of daily commuters out of the entire population was approximately 20%; that is slightly more than one million people. Approximately 300 thousand people commuted with longer intervals. The evaluation of commuting was controversial: according to some views (see, for example Szelényi, 1996) working in city and living in village commuters, the so-called peasant-workers faced a highly serious social problem. It was because due to the redistributive mechanisms villagers in their community did not benefit from the surplus products which they themselves produced in the city. Other opinions (see, e.g. Enyedi, 1996), however, argued that commuting is a general concomitant

of urbanisation. Its problematic aspects may be solved by improving the cultural and social conditions of rural population and the development of transport services. Moreover, rural commuters create a lot of values in the urban environment as well (Enyedi, 1996, pp. 115-118.).

Commuting is a much more common phenomenon today: since 1990 the rate of commuting has been rising continuously (Szabó *et al*, 2014). In 2011 3,943 000 people, 35.4% of the employed population commuted, thus compared to the 1970 figures, far more people commute. (Hardi–Szörényiné, 2014) The 2011 census data recorded show the highest figures ever (while the number of employees has also increased). The main reason for the increased commuting is the growth of spatial inequalities, the increasing concentration of jobs in cities and towns and hence the higher suction effect of cities on the labour force.

## The historical background of urban and rural inequalities

In the 1950s the socialist accumulation of capital, the requirements of forced industrial development, and the ideological ambitions for catching up with the Western world defined the interest structure of Hungarian regional development: resources were diverted from agriculture and villages and were transferred to the industrial sector, to areas considered important for industrialisation. Not only industrial settlements, especially those built next to new industrial towns but also Budapest was in a privileged situation.

A 1970 government decision brought change by shifting the focus of economic development to large and medium-sized cities with highly favourable conditions and intensive development. According to the government's decision industrial premises equipped with modern technology and demanding highly skilled labour must be located into the centres.

The economic development ideas bringing about some decentralisation economically strengthened larger cities and county centres and even put them into political bargaining position and became independent re-distributive centres. As a result of this, they were able to gain more development funds and planning

options for themselves and they were free to decide on the territorial allocation and utilisation of their infrastructural, housing development resources.

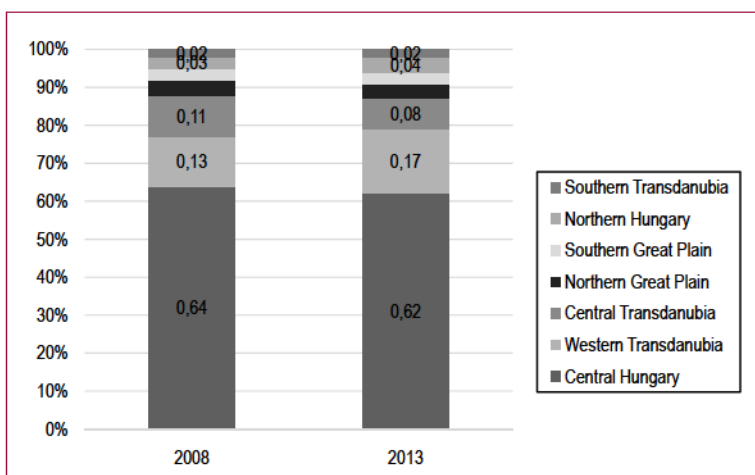
The county centres during the distribution of their funds secured benefits for themselves, and for larger municipalities, cities; 70-80% of the resources available for the development of housing and infrastructure remained at the top of the settlement hierarchy; in county seats and major cities. Only 20-30% of the resources were left for villages. This method of the allocation of development resources further increased territorial inequalities, including social inequalities between cities and villages. Due to the lack of regional employment opportunities and because of the location of public institutions in the cities and the lack of primary provisional services, the qualified younger and more marketable social classes gradually moved to towns and cities from disadvantaged rural regions.

## Deepening urban and rural inequalities

During the 1990s, the Hungarian society and the Hungarian settlements have become part of the global system; the global trends in the world prevail here too, but – due to the country's peripheral historical heritage – with problematic consequences. The territorial demands of global economy polarised the Hungarian territorial social structure in a peculiar way; the positive effects of the transition unfolding in 1990, foreign capital investments and the major international and multinational companies' site selection affected especially the historically-developed regions, such as the Central-Hungarian and West-Hungarian regions, the county seats and the major cities (especially the metropolitan areas of Budapest, Győr, Székesfehérvár). Several areas were left out from the beneficial effects of global processes (mostly the northern and eastern regions of Hungary, the interior zones of the Great Hungarian Plain, industrial cities, small towns, rural areas). The differences in the regional distribution of FDI are still significant regional disparity generating factors (*see Figure 1*).

Owing to the impacts of the strengthening market economy, the globalisation of the Hungarian economy, the accession to the European Union, and of the enforcement of modern Western European regional and urban development processes major

Figure 1: The regional distribution of FDI in 2008 and in 2013



Source: Central Statistical Office – the author's own edition

Hungarian cities have also turned into key actors of the economic, social and political life; their competitiveness has become stronger compared to other places and they successfully resolved the crisis stemming from their pre-transition periods. Now they are the engines of economic development concentrating a significant part of the national economic potential and enterprises that participate more intensively in global economy; employment rate is much higher in these cities than the national average, and so is the ratio of the working population, including the proportion of intellectual workers (mainly in towns), the tax base is higher and there are higher incomes.

During the last decade, the development of the Hungarian metropolitan areas significantly differentiated: in particular, the social and economic disparities between metropolitan and provincial metropolitan areas (although historically they were always existing) strongly deepened. The economic power potentials of the region of Budapest are much better compared to other regions (a significant percentage of foreign investment is concentrated in the region of Budapest), the regional social endowments are also favourable: with higher education and higher income ratio and lower unemployment than the provincial metropolitan areas (*Schuchmann–Váradi, 2015*). (Similarly to international trends elite social groups were located in the metropolitan areas, although the ratio of



Hungarian elites living in Hungarian major cities and their metropolitan areas is lower than in their international counterparts.)

However, this does not change the basic trend: the most dynamic actors in the current economic and social development are still the metropolitan areas. Because the really problematic spatial units are the peripheral border areas, rural micro-regions, the victims of historically established social and economic closure, excluded not only from today's modernisation, but also from global economic life, furthermore, areas with weak economy suffering from the lack of resources and with strongly diminishing and poor population.

## The social structure of the Hungarian metropolitan areas

The social spatial structure of the metropolitan areas in Hungary was historically formed by the pattern of the high social status core and low social status periphery model. In the period of state socialism this historical inequality model was rearranged as the social prestige of city centres decreased due to the phenomena of the deterioration of cities and to the quasi-suburban development resulting from the construction of new housing estates in inner city quarters and later on in the suburbs.

The centralised (re-distributive distribution system based) urban development and housing policy supported the construction of new housing estates built for the social strata important for the regime; in the first period of construction houses and flats in the new quarters were built primarily for the educated classes and managers. In the next phase of development, residential areas in the cities' peripheral quarters and industrial districts flats and housing estates were mostly built for members of the blue collar working class and people with families. Meanwhile, old quarters were doomed to perish: no money was spent on old historical buildings, they were not renovated, so higher social status classes moved out from there and old-aged people, mostly pensioners with low-income were abandoned. They became vulnerable to the gentrification consequences of the isolated state implemented renovations during the socialist regime and later on to the market-driven rehabilitation interventions.

The gentrification of inner city neighbourhoods became more dynamic, only as a consequence of the social and political changes in the 1990s; downtown 'citification', and the social and economic functional change of the inner districts also contributed to this process. The building of offices, new or refurbished hotels, restaurants and coffee houses, commercial and cultural centre developments, including the renovation of old apartment blocks, also put an end to the deterioration of inner quarters and accelerated the process of downtown "embourgeoisement," or gentrification, using the English equivalent, now as a result of market conditions, private equity, foreign real estate development as well. They not only stopped the deterioration of the internal parts, but kept urban citizens there and even tempted many of the previously relocated former citizens to return back from satellite towns and suburban settlements (especially in the case of Budapest).

Suburbanisation, another phase of global urbanisation, also accelerated and emerged in a pure form in the transition period. Although (as a result of the domestic economic reform processes) already in the 1960s and 1970s suburban and peri-urban private (or condominium) building constructions started through which some of the more skilled and better-off social groups spread from the newly built housing estates out into the green zone; they built their new homes there. This process further intensified during the 1990s, due to the above-mentioned reasons (i.e. because of the development of the housing – and real estate market, the development of market economy, and slow embourgeoisement). Among the members of the middle-class, many were highly motivated to move out to the suburban zone to escape from the inner-city's social and environmental problems, from the slowness of urban regeneration and also because of their desire for suburban lifestyle, for a private house, which idea was based on their (usually newly purchased) car.

In this period, in the developed European countries, capitals, major cities suburbanisation slowed down and moving back to city centres started; gentrification was very dynamic. In Hungarian urban areas out-migration, loss of urban population are still more dominant features, except in Budapest, where the process seems to reverse due to disappointments in the suburban forms of life, the incessant traffic problems, but also as a result of the renewal of cities.

The data of a representative sociological research for the metropolitan area of nine Hungarian cities conducted in 2005 shows that the processes of transition rebuilt the historically evolved, traditional centre-periphery structure; partly confirmed and partly reorganised it. The confirmation is verified by the strong spatial social hierarchy: starting from the city centre and progressing towards the city's outer districts, or suburban zones the presence of higher-status (the better educated, the skilled workers and higher income) classes hierarchically declined while the concentration of lower social status (lower-skilled, unskilled and low-income) groups increased.

The reorganisation was indicated by an analysis<sup>1</sup> of metropolitan zones by development levels: in neighbourhoods with developed infrastructure the previously seemingly clear social gradient “broke”, the declining trend of social status stopped; then it started to rise again. This is because due to suburbanisation processes generated by the different inclinations and motivations of high and lower social classes the social structure of suburban zones became differentiated and was split to suburban zones and villages populated by high and low social status groups.

The research conducted in 2014 compared to the processes detected in 2005 showed a new trend: in 2014 the internal social hierarchy of metropolitan areas began to dissolve; the social structure of districts also became more balanced, due to the gentrification of cities and to the higher proportion of higher social status groups, including graduates<sup>2</sup>. Comparative analyses show while in 2005 starting from the inner city and progressing towards the outer parts of the city the proportion of low schooled people

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<sup>1</sup> For the selection and the definition of suburban settlements to be involved in the research the rank-number method was used. In this procedure accessibility, housing, public and higher education, health care, entrepreneurship activity, taxation, income, employment, unemployment, mobility, social welfare indicators were assessed which was followed by the aggregation of indicators; this served as a basis for the ranking of settlements and on the basis of this ranking the three most developed and the three most underdeveloped settlements were selected.

<sup>2</sup> Behind the process lies a national trend, the increasing ratio of domestic graduates. According to the 2011 census, 18.2% of the 25 years old and older population had university or college degree, which is three times higher than it was in the year 1980. Changes in the ratio of graduates were already indicated by the differences in the ratio of graduates between the 2005 and 2014 samples. Their ratio was 18.4% in 2005, and 25.9%, in 2014.

increased and the number of people with high (or intermediate level) education decreased continuously, in 2014 this kind of hierarchical growth or decline eased: people of higher social status (including graduates, people with GCSE, vocational secondary schools and with higher incomes) occupy more and more space in the inner city parts, even though their proportion increased in the cities' outer districts as well (*for details see: Szirmai–Ferencz, 2015, pp. 79-101.*).

This is demonstrating a domestic manifestation of a western European trend: namely that in big cities higher social status citizens continuously “crowd out” lower social status groups (it is also due to the high real estate prices), thereby expressing their social advantages (and better economic market position) to possess more favourable spatial conditions.